

Message Text

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PAGE 01 BRASIL 10956 241520Z

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 XMB-04 /022 W

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R 241400Z DEC 75

FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 3097
US DEPARTMENT OF COMMERCE
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 10956

E.O. 11652: N/A

TAGS: BEXP ETEL BR
SUBJECT: BUSINESS OPPORTUNITY: DOMESTIC COMMUNICATIONS SATELLITE

REF: STATE 297483

1. EMBOFF MET DEC. 19 WITH BENJAMIN HIMELGRYN, ASSISTANT TO
TECHNICAL DIRECTOR OF TELEBRAS AND HEAD OF SATELLITE WORKING
GROUP (NOW DISBANDED) WHICH DREW UP SPECIFICATIONS FOR DOMESTIC
COMMUNICATIONS SATELLITE (DCS) AND EARTH STATIONS. HIMELGRYN
ADVISED THAT PRELIMINARY REQUESTS FOR PROPOSALS (RFPS) HAD
BEEN ISSUED TO FOLLOWING FIRMS.

GROUND STATIONS:	SATELLITE:
GENERAL ELECTRIC	GENERAL ELECTRIC
PHILLIPS	HUGHES
NEC	RCA
SCIENTIFIC ATLANTA	AERO-FORD
AERO-FORD	MATRA (FRANCE)
ITT	CIFAS (FRANCE)
RCA	
SIEMENS	
HUGHES	
GTE	
THOMSON CSF	
COLLINS	
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PAGE 02 BRASIL 10956 241520Z

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STS (ITALIAN CONSORTIUM)
SERVICE CHARGE OF US\$ 2,200 AND US\$1,100 LEVIED FOR COPIES
OF GROUND STATION AND SATELLITE SPECIFICATIONS, RESPECTIVELY.
SPECS ARE NOT RPT NOT AVAILABLE TO OTHER FIRMS. HIMELGRYN
INDICATED GOB SIMPLY NOT INTERESTED IN RECEIVING PROPOSALS
FROM OTHER FIRMS, BELIEVES THAT ABOVE LISTED COMPANIES ARE
THE ONLY ONES WHO CAN PROVIDE DCS SYSTEM THAT BRAZIL WANTS.

2. HIMELGRYN STRESSED PRELIMINARY NATURE OF RFPS NOTING
THAT FINAL APPROVAL FROM PRESIDENT GEISEL STILL PENDING.
HEMELGRYN HOPED THAT APPROVAL WOULD BE GRANTED BY END OF
JANUARY AFTER WHICH ABOVE FIRMS WOULD HAVE ANOTEHR 60 DAYS
TO SUBMIT FINAL PROPOSALS. IN ANSWER TO EMBOFF'S QUERY RE
EFFECT OF BALANCE OF PAYMENTS PROBLEMS ON DCS PROGRAM,
HIMELGRYN OFFERED PERSONAL OPINION THAT PROJECT WOULD GO
AHEAD ON SCHEDULE. FURTHERMORE, HE DOES NOT FRE-
SEE FIRST IMPORTATION OF REQUIRED EQUIPMENT UNTIL 1977.

3. WORKING GROUP PLANS CALL FOR THREE SATELLITES (TWO
IN ORBIT, ONE "ON SHELF") AND SEVENTEEN GROUND STATIONS IN
FIRST PHASE (OPERATIONAL BY 1978). OF REMAINING 27 PLANNED
GROUND STATIONS, PLAN IS TO ENGAGE FOREIGN FIRMS AS PRINCIPAL
CONTRACTORS BUT TO EMPLOY AS MANY DOMESTIC COMPANIES AS
POSSIBLE AS SUB-CONTRACTORS. DCS WILL HAVE MILITARY CHANNEL
CAPABILITY BUT BRAZILIAN ARMED FORCES HAVE YET TO IDENTIFY
SPECIFIC REQUIREMENTS. CURRENT ESTIMATED TOTAL COST FOR
INITIAL PHASE OF PROJECT IS US\$ 132 MILLION OF WHICH \$40
MILLION WILL BE PUT UP BY THE GOB (3/4 IN CRUZEIROS) AND
\$92 MILLION WILL COME FROM FOREIGN SOURCES.

4. HIMELGRYN REFERRED TO TWO FINANCING PROBLEMS WHICH HE
BELIEVES COULD HINDER US CHANCES: VIZ., EXIMBANK'S REFUSAL
TO ACCEPT LOAN GUARANTEE FROM TELEBRAS AND EXIMBANK'S LIMIT
ON FINANCING TERMS (7-8 YEARS) FOR PROJECTS OF THIS SIZE.
TELEBRAS WOULD PREFER 10-10 1/2 YEARS (2-2 1/2 YEARS GRACE
PERIOD AND 8 YEARS FOR REPAYMENT). RE FORMER PROBLEM,
EMBOFF ASKED WHY GOB COULD NOT GUARANTEE TELEBRAS LOAN.
HIMELGRYN REPLIED THAT NECESSARY CHANGE IN LAWS AND REGULA-
TIONS WOULD INVOLVE "INCREDIBLY LONG AND COMPLEX" BUREAUCRATIC
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PAGE 03 BRASIL 10956 241520Z

PROCEDURES.

5. IN RESPONSE TO EMBOFF REQUEST FOR HIS OPINION ON
OVERALL CHANCES OF US FIRMS WINNING CONTRACTS FOR BOTH
SATELLITES AND GROUND STATIONS, HIMELGRYN ONLY SHRUGGED
AND SAID "WATCH OUT FOR THE EUROPEANS."
CRIMMINS

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